

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13

ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06

AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-06 TRSE-00 CEA-01 SS-15

GSA-02 INT-05 DODE-00 PM-05 H-01 NSC-05 PA-01

PRS-01 /151 W

-----122202 241943Z /43

R 241845Z JAN 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2381

INFO AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY LA PAZ

AMEMBASSY SOFIA

AMEMBASSY PRAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAGOS

AMEMBASSY WARSAW

AMEMBASSY MADRID

AMEMBASSY BANGKOK

AMEMBASSY MOSCOW

AMEMBASSY KINSHASA

AMEMBASSY OTTAWA

AMCONSUL HAMBURG

AMEMBASSY BELGRADE

AMEMBASSY NEW DELHI

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USMISSION GENEVA

AMEMBASSY ROME

AMEMBASSY BUCHAREST

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: EMIN, ETRD, ITC

SUBJECT: TIN -- EIGHTH SESSION OF THE INTERNATIONAL TIN  
COUNCIL, JANUARY 16-20, 1978

REF: (A) LONDON 1123 (B) STATE 10989 (C) STATE 8271

1. SUMMARY: 8TH SESSION OF THE ITC ENDED JANUARY 20, WITH NO CHANGE IN THE BUFFER STOCK PRICE RANGE DESPITE PRODUCER SOLIDARITY FOR A M\$200 PER PIKUL INCREASE. PRODUCER EFFORTS WERE STYMIED BY A STRONG MAJORITY OF CONSUMERS (US, UK, CANADA, FRG, JAPAN) WHO MAINTAINED COHESIVENESS IN FACE OF CONSIDERABLE PRODUCER PRESSURE. PRODUCERS FINALLY FORCED A VOTE AND, WHILE A NUMBER OF CONSUMERS ABSTAINED AND A FEW SUPPORTED THE PRODUCERS, MOST, INCLUDING MOST CENTRAL EUROPEANS, APPEARED TO AGREE WITH THE MAJORITY CONSUMER VIEW. DESPITE PRODUCER DISAPPOINTMENT, THEIR RESPONSE TO DEFEAT WAS MODERATE. AT PRODUCER INITIATIVE, COUNCIL AGREED TO PLACE PRICE ISSUE ON AGENDA FOR 9TH SESSION, APRIL 11-14. END SUMMARY.

2. THE 8TH SESSION OF THE ITC QUICKLY CLEARED AWAY ROUTINE ITEMS ON THE AGENDA TO COME TO GRIPS WITH ONLY LIMITED OFFICIAL USE

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SUBSTANTIVE QUESTION OF THE MEETING, THAT EMBODIED IN THE REPORT OF THE ECONOMIC AND PRICE REVIEW PANEL (EPRP) AND THE CONSEQUENT REVIEW OF THE CURRENT FLOOR AND CEILING PRICES. THE EPRP, WHICH MET IN DECEMBER, HAD REACHED CONSENSUS ON THREE POINTS, SUMMARIZED AS FOLLOWS:

- (A) EXISTENCE OF A CONTINUING TIN DEFICIT,
- (B) THE POSSIBLE ROLE OF GSA IN MEETING DEFICIT IN SHORT- TO MEDIUM-TERM, AND
- (C) NEED FOR POSITIVE MEASURES TO STIMULATE ADDITIONAL PRODUCTION TO OVERCOME THE DEFICIT.

HOWEVER, TWO OF THE THREE CONSUMER MEMBERS OF THE PANEL (US AND FRG) DIFFERED SHARPLY FROM PRODUCER MEMBERS ON THE MEASURES REQUIRED TO DEAL WITH THIS SITUATION. PRODUCERS EMPHASIZED INVESTMENT GUARANTEE ASPECTS OF A PRICE RANGE INCREASE, WHILE US AND FRG FOCUSED IMPORTANTLY ON ADMINISTRATIVE AND FISCAL DISINCENTIVES TO PRODUCTION. (SEE REFS B AND C).

3. THESE DIFFERENCES WERE IN EFFECT TRANSFERRED TO THE COUNCIL DELIBERATIONS, AND IT WAS QUICKLY APPARENT THAT FOR A VARIETY OF REASONS -- PHILOSOPHICAL AND PRACTICAL -

- MOST CONSUMERS WERE UNWILLING TO GIVE IN TO PRODUCER DESIRES, NOR WAS THERE INTEREST ON EITHER SIDE IN SEEKING SOME COMPROMISE WHICH WOULD SPLIT THE DIFFERENCE. US, FRG, UK, JAPAN AND CANADA ALL SPOKE IN OPPOSITION TO THE PRODUCER PROPOSAL AND LATER VOTED AGAINST IT. MOST OTHER CONSUMERS, INCLUDING MOST CENTRAL EUROPEANS, APPEARED TO SHARE OUR VIEW AGAINST AN INCREASE AT THIS TIME, BUT THE NETHERLANDS AND FRANCE BITTERLY OPPOSED.

4. IN TWO DAY'S DELIBERATIONS WITHIN A SMALL CONTACT GROUP, DEBATE DID NOT CENTER ON HOW TO SEEK COMPROMISE BUT ON HOW MOST GRACEFULLY TO END THE MEETING. CARLOS ITURRALDE, SPEAKING FOR BOLIVIA WAS CLEARLY THE MOST ADROIT PRODUCER SPOKESMAN, ATTEMPTING TO MANOEUVRE FOR LIMITED OFFICIAL USE

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TACTICAL ADVANTAGE AT A LATER DATE. HOWEVER, ON BALANCE HE EMERGED AS MODERATING INFLUENCE. ANOTHER PRODUCER,

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AUSTRALIA (MONTEFIORE), CONSISTENTLY SOUGHT TO BUILD BRIDGES BETWEEN THE TWO SIDES. HOWEVER, MALAYSIA (FATAH) NIGERIA (AGIDI) AND (WITH SOME RELUCTANCE) INDONESIA (SIRMAN) IN THE END TOOK A HARD LINE FOR A FORMAL VOTE.

5. TWO PROPOSITIONS WERE ACTUALLY PUT TO VOTE,  
THE PRODUCER PROPOSAL FOR A NEW PRICE RANGE OF M\$1400 TO M\$1700 AND A BELGIUM/LUXEMBOURG MODIFICATION OF THIS WHICH WOULD HAVE RAISED THE FLOOR BUT NOT THE CEILING. THE FIRST FAILED WITH 609 CONSUMER VOTES OPPOSED (OUT OF 976 PRESENT) AND THE SECOND WITH 621 AGAINST (OUT OF 981). ALL PRODUCERS PRESENT SUPPORTED BOTH PROPOSITIONS (968 AND 1000, RESPECTIVELY). FRANCE, THE NETHERLANDS AND YUGOSLAVIA VOTED WITH THE PRODUCERS ON BOTH BALLOTS. HUNGARY, WHO ABSTAINED ON THE FIRST, OPPOSED THE SECOND, WITH BELGIUM/LUXEMBOURG AND ROMANIA, BOTH OF WHOM ABSTAINED ON THE FIRST VOTE, VOTING IN FAVOR OF THE SECOND PROPOSITION.

6. COMMENT: A SIGNIFICANT FEATURE OF THIS MEETING WAS

THAT A SIZEABLE GROUP OF CONSUMERS WAS ABLE TO MAINTAIN  
COHESIVENESS IN FACE OF STRONG PRESSURE AND A HISTORY  
OF "GIVING IN" TO PRODUCER DEMANDS. PERHAPS EVEN MORE  
REMARKABLE WAS THE FACT THAT ALTHOUGH TENSIONS OFTEN  
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RAN HIGH, WITH A MAJOR CONFRONTATION SEEMINGLY JUST  
UNDER THE SURFACE, NEITHER SIDE WAS WILLING TO PUSH  
MATTERS TO THE BRINK. IN THE END, PRODUCERS WHO HAD  
PREDICTED DOOM FOR THE ITC AND HINTED AT A WALKOUT  
SEEMED TO RESIGN THEMSELVES TO ACCEPTING THE 8TH SESSION  
FOR WHAT IT WAS, BUT OBVIOUSLY WITH AN EYE TO RENEWING  
EFFORTS AT THE 9TH SESSION IN APRIL. OUR APPROACH  
THROUGHOUT WAS DELIBERATELY LOW-KEY.

BREWSTER

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## Message Attributes

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**Type:** TE  
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